Retiree and Annuitant Services (RAS)
1 800 772-8724
Our Mission

- To provide excellent customer service to Coast Guard, NOAA and PHS retirees and annuitants.
Today’s Topics

- Last months on Active Duty
- Preparing for Retirement
- Things that affect your pay
- Maintaining your Retired Account
- The Survivor Benefit Plan (SBP)
Your Last Months on Active Duty

- Submit retirement request
- Receive Orders via Direct Access
- Set up Physical
- Complete Career Intentions Worksheet
- SPO issues DD214
  - Active duty or reservist under Title 10 mobilization
Preparing For Retirement

- Receive Retirement Package from SPO
- Complete Retirement Form (CG-4700)
- Retired Pay Estimate
- Retirement Checklist 3PM PPCINST M1000.2A 3-B-23
- Attend Pre-Retirement Seminar
- Certificates and Pin requested by member’s unit at least 60 days prior to the date of retirement ceremony. If not received call SEP (785) 339-2200
Certificates & Pin

- Units should order Certificates from RAS Website 60 days prior to ceremony date
- PPC (SEP) sends the following items to member’s unit for presentation
  - Retirement Certificate signed by Commandant
  - Spouse Certificate of Appreciation signed by Commandant
  - Certificate of Appreciation for Service in the Armed Forces of the United States signed by the President
  - U.S. Coast Guard Retirement Pin
The Retirement Form

- Retirement Forms (CG-4700) available from Website - https://www.dcms.uscg.mil/ppc/pd/forms
  - Submit Form to RAS at least 3 months prior to retirement, keeping a copy for your self.
  - Ensure that your SPO has entered and approved your retirement orders in the Direct Access system.

- RAS accesses your file and verifies data in the Retired Pay System

- List of frequent problems in seminar handout
Points of Interest about Retired Pay

- Retired pay is due & paid the month following your retirement date.
  - Retire on 1 Jan 18, first payment received on 1 Feb 18.

- Your first retired payment is made the 1st working day of the month following date of retirement, unless it falls on the weekend or a holiday, then it will pay out the day before.

- The tax year for retired pay runs from January through December.
Retired Pay Formulas

Date Initial Entry in Military Service (DIEMS)

Prior to 8 Sep 1980
2 1/2% Per Year
X Base Pay on Date of Retirement
20 Years: 50% of Base Pay

Between 8 Sep 80 - 31 Jul 86 & After 31 Jul 86 if REDUX Bonus Not Taken
2 1/2 % Per Year
X Average of Highest 36 Months of Active Duty
20 Years: 50% of Base Pay

After 31 Jul 86 – If REDUX Bonus Taken
2 1/2 % Per Year
Less 1% for Each Year Less than 30 Years
X Average of Highest 36 Months of Active Duty
20 Years: 40% of High 36 at 20 Years
Information Needed to Compute Retired Pay

- Highest Grade Held
- Active Duty Base Date (ADBD)
  - Only Active Duty Time counts
- Pay Base Date (PBD)
  - Includes active & inactive time
- Date Initial Entry Military Service (DIEMS)
  - Designates retirement law used for retirement
Examples from Jan 2018 ADPS

Ex: (E-8 w/20 yrs)  Ex: (CWO3 w/24 yrs)
$5,237.40           $6,648.30
x     .5000          x     .6000
$2,618.00   Gross Retired Pay  $3,988.00
Examples from Jan 2018 ADPS

Ex: (O-6 w/30 yrs)                Ex: (0-8 w/36 yrs)

$11,599.80   $14,991.00

\[ \times .7500 \quad \times .9000 \]

$ 8,699.00 Gross Retired Pay $13,491.00

- Gross x 6.5% = SBP Cost
- Gross x 55% = Annuity
VA Disability Compensation

- Forfeit $1 of retired pay for each $1 of VA Disability Compensation received
- Additional stipend for dependents if VA rates disability at 30% or higher
- VA Disability Compensation is Tax-Free
- 1 Jun 03 Combat Related Special Compensation
- 1 Jan 04 Concurrent Disability & Retirement Payments
  - Affects members with 50% or higher VA disability
  - Phased in over 10 years
  - Full implementation took place in 2014
## VA RATES – Effective Dec 2017

<table>
<thead>
<tr>
<th>VA Disability %</th>
<th>Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>$136.24</td>
</tr>
<tr>
<td>20%</td>
<td>$269.30</td>
</tr>
<tr>
<td>30%</td>
<td>$417.15</td>
</tr>
<tr>
<td>40%</td>
<td>$600.90</td>
</tr>
<tr>
<td>50%</td>
<td>$855.41</td>
</tr>
<tr>
<td>60%</td>
<td>$1,083.52</td>
</tr>
<tr>
<td>70%</td>
<td>$1,365.48</td>
</tr>
<tr>
<td>80%</td>
<td>$1,587.25</td>
</tr>
<tr>
<td>90%</td>
<td>$1,783.68</td>
</tr>
<tr>
<td>100%</td>
<td>$2,973.86</td>
</tr>
</tbody>
</table>
Allotments in Retirement

- How to convert active duty allotments to retirement
  - Annotate, sign, & date LES
  - Allotment Form (CG-7221)

- Changing allotments in retirement
  - Allotment Form (CG-7221)
  - Phone, Write or Fax request to us

- Allotment Tidbits
  - Allotments must be direct deposit
  - SGLI/VGLI started through Servicemembers Group Life Ins.
  - Retired Delta Dental/Tricare are not allotments
  - No CFC allotments may be carried forward
  - Authorized allotments & form in seminar handout
Garnishment

- May be Court Ordered to enforce child support and/or alimony
- Carried forward from Active Duty
- Computation for Net Disposable Earnings and Percentage found in seminar handout
Former Spouse Protection Act

- Provided for in Divorce Decree
- Processed through Legal Office
- Alimony & Child Support
  - No minimum length of service
  - No minimum length of marriage
- Community Property or Property Division
  - For PPC enforcement - 10 years marriage while member was in the military Service
- Deduction may be as much as 50% of “Disposable Retired Pay”
Federal & State Taxes

- **Federal Income Tax Withholding (FITW)**
  - Deduction based on marital status & number of exemptions claimed
  - W4 Form Required (unless the change is made on DA II)
  - May elect additional tax

- **State Income Tax Withholding (SITW)**
  - Each State treats retired pay differently
  - SITW is not a mandatory deduction from retired pay
  - You may request SITW, if residing in one of the States with a DoD agreement (List in seminar handout)
  - Retiree must specify $$ dollar amount of deduction

- **FICA - Retired pay is not subject to Social Security Withholding**
Retired Pay and Social Security

- Military Retired Pay is not affected by Social Security entitlements.
- Once you retire, you can draw both Social Security and Retired Pay without an offset to either one.
You will not receive a statement each month
- It is sent when you receive a cost-of-living adjustment (COLA) or when you have made a change to your retired account
- Correct home mailing address is very important
- Opportunity to review dates of birth for SBP & pay information
- Remarks are provided on form to explain change
Recall to Active Duty

- Recall Orders Issued
- Retired Pay is waived during recall
- Length of Recall
  - Less than 30 days - retired pay continues & special payment issued for active duty difference
  - More than 30 days - retired pay is suspended
- Even if immediate recall, no break in service – CG-4700 must be completed & submitted to RAS
- Retired pay account is reviewed at end of recall period for possible additional service
- SBP election made at retirement is valid unless change in marital status
## Differences in Retired & Active Duty

<table>
<thead>
<tr>
<th></th>
<th>RETIRED PAY</th>
<th>vs</th>
<th>ACTIVE DUTY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay Day</strong></td>
<td>Once per month</td>
<td>First working day of month</td>
<td>Twice per month</td>
</tr>
<tr>
<td></td>
<td>First working day of month</td>
<td>(defaults back if weekend)</td>
<td>First Calendar day of month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(defaults backward if weekend)</td>
</tr>
<tr>
<td><strong>Notice of Account (LES's)</strong></td>
<td>Issued only when change occurs Retired Pay Slip</td>
<td></td>
<td>Issued every month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Active (LES)</td>
</tr>
<tr>
<td><strong>Pay Change Request</strong></td>
<td>No form required (written request)</td>
<td></td>
<td>Prescribed CG Form</td>
</tr>
<tr>
<td><strong>Taxable Income</strong></td>
<td>Form 1099R</td>
<td></td>
<td>Form W-2</td>
</tr>
<tr>
<td><strong>SPO Support</strong></td>
<td>PPC (RAS) 1 800 772-8724</td>
<td></td>
<td>SPO</td>
</tr>
<tr>
<td><strong>Retiree Newsletter</strong></td>
<td>Issued Quarterly &amp; mailed to your home</td>
<td></td>
<td>None</td>
</tr>
<tr>
<td><strong>Cost-of-Living Allowances</strong></td>
<td>Partial COLA first year Full COLA thereafter</td>
<td></td>
<td>Full Pay Raises each year</td>
</tr>
</tbody>
</table>
Future of Retired Pay

Self-Service became available with the new retired pay system beginning 2010.

- We encourage you to use the self-service system for address changes, bank changes, tax changes, etc.
- Future updates on the self service system will be provided in the Retiree Newsletter and on the RAS website.
Summary

- Submit request for retirement
- Receive HQ Approval - (Orders)
- Complete Retired Form CG-4700
- Submit Form 60-90 days prior to retirement
- Keep a copy
- Call us for assistance - 1 800 772-8724
WHAT HAPPENS WHEN I DIE?

ALL PAYMENTS STOP!!!

Retired Pay
All allotments
Former Spouse Payments

Payment in the form of an annuity begins only if you have elected SBP
What is Survivor Benefit Plan (SBP)

- The SBP provides a monthly income in the form of an annuity for your family after your death.
- Electing the SBP is the only way your beneficiary may receive an annuity from the Coast Guard after your death.
When to make your SBP election

- Election must be made before retirement
- SBP Election Form (CG-4700, page 2-3)
- Spouse must concur with election. If not, coverage is full.
- Effective 1 May 2008, SBP elections must be notarized if less than full or declines election.
- Election is irrevocable; however, effective 17 May 1998, may withdraw from SBP between 2nd and 3rd Anniversary of receiving retired pay.
- Open Season may allow for changes.
Frequent problems with SBP election

- Form not signed where required
- Form not witnessed or notarized where required
- Not signed & witnessed on same day
- Witnessed by relative
What are my options with SBP

Who may be insured under SBP?

How much coverage may I have?

How much will it cost?

What’s the annuity?
When is SBP an involuntary election

- If you elect no SBP, or less than full SBP, and your spouse does not concur.
- You may be required to provide SBP for your former spouse as a result of divorce.
- If you remarry after retirement, and have been enrolled in SBP, you must make a new election within a year, or your new spouse will automatically be enrolled in SBP at the level previously held. Costs will accumulate at the time of remarriage.
Who may be insured under SBP

- Spouse
- Spouse & children
- Child(ren) Only
- Incapacitated Child
  - Prior to age 18
  - Before age 22 if pursuing a full-time course of study
- Former Spouse
- Former Spouse & Child(ren)
- Insurable Interest Person
  - Grandfather, Uncle, Business Partner
How much coverage may I have

- Determined by the SBP Base Amount
  - $300.00 to full amount of retired pay
- You select SBP Base Amount
- Full SBP Base = Full Retired Pay
- Reduced SBP Base
  - From $300.00 to less than full retired pay
Things to consider in making a decision

- SBP is government subsidized
- Monthly SBP costs increase with annual COLA
- SBP cost reduces taxable retired pay
- SBP cost is suspended when no eligible beneficiary
  - Divorce, Death, Child reaches age 18/22
- Monthly annuity increases with annual COLA
Elimination of the SSO

- Effective April 2008, the SSO was eliminated
  - All SBP annuitants will receive 55% of the base amount elected
SBP Spouse Only

- Annuity is 55% of Base amount elected
- Annuity is increased with annual cost-of-living adjustments
- Annuity is suspended if spouse remarries prior to age 55
Understanding SBP cost calculation

- The calculation for SBP costs is based on a formula set by law.
- A threshold amount, which changes each year, is used to keep costs as low as possible.
Examples of Cost Calculation

- SBP Spouse only coverage - Full base amount of $1,500.00
  - SBP Base amount $1,500.00 x 6.5% = $97.50 per month
  - Annuity @ 55% = $825.00

- SBP Spouse only coverage - Minimum base amount of $300.00
  - SBP Base amount $300.00 x 2.5% = $7.50 per month
  - Annuity @ 55% = $165.00
SBP Child coverage

- Coverage for child or children only is inexpensive and covers all children
- Annuity is divided equally and has no offset
- Annuity for child or children continues until child reaches age 18 or 22 if attending school
- Annuity for incapacitated child continues as long as child remains incapacitated – medical documents should be dated within the 90 days of retirement
Cost calculation (child coverage only)

- Cost is based on the age difference between the member & the member’s youngest child.
- Actuarial tables are used to compute costs.

<table>
<thead>
<tr>
<th>Member</th>
<th>Age</th>
<th>Child Age</th>
<th>Original Cost</th>
<th>SBP Child Cost</th>
<th>Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-8</td>
<td>39</td>
<td>9</td>
<td>$2,618.00</td>
<td>$6.02</td>
<td>$1,439.00</td>
</tr>
<tr>
<td>CWO3</td>
<td>40</td>
<td>5</td>
<td>$3,895.00</td>
<td>$15.19</td>
<td>$2,142.00</td>
</tr>
</tbody>
</table>
# SBP vs Insurance

<table>
<thead>
<tr>
<th>SBP</th>
<th>vs</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No cash value</td>
<td>Cash value to borrow against</td>
<td></td>
</tr>
<tr>
<td>Government subsidized</td>
<td>Full cost</td>
<td></td>
</tr>
<tr>
<td>SBP annuities rise with inflation</td>
<td>Insurance distributions do not rise with inflation</td>
<td></td>
</tr>
<tr>
<td>Premiums exempt from taxes</td>
<td>Insurance premiums not exempt</td>
<td></td>
</tr>
<tr>
<td>Annuities paid out are taxable income</td>
<td>Proceeds are generally not taxable</td>
<td></td>
</tr>
<tr>
<td>Cannot be denied due to health or age</td>
<td>Coverage can be denied</td>
<td></td>
</tr>
</tbody>
</table>
SBP vs Insurance

Information on the value of SBP; an Actuarial Analysis, and the things to consider when comparing SBP and Insurance may be found at the following web sites:

Summary

- Must complete SBP Election before retirement
- Spouse must concur
- Form must be witnessed
- Opportunity to elect out of SBP 2 years after retirement
- Can insure spouse and children
- Cost reduces taxable retired pay
- Annuity increases with COLAs

CONSIDER YOUR OPTIONS CAREFULLY